

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 2 - 1 4

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

July 1, 2002

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.298

7. FEDERAL BUDGET IMPACT: 25,400,000

a. FFY 2002 \$ 23.2 Million

b. FFY 2003 \$ 5.5 Million 24,900,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A
pages 24 and 24a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-A
Page 24

10. SUBJECT OF AMENDMENT:

Modification of existing special DSN pool.

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

James K. Haveman, Jr.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

James K. Haveman, Jr.

14. TITLE:

Director

15. DATE SUBMITTED:

7/31/2002

16. RETURN TO:

Michigan Department of Community Health
Office of Federal Liaison
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, MI 48933
ATTN: N. Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

11/19/02

18. DATE APPROVED:

11/31/03

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

7/1/02

20. SIGNATURE OF REGIONAL OFFICIAL:

Brown for Smith

21. TYPED NAME:

CHARLENE BROWN

22. TITLE:

Deputy Director, CMSO

23. REMARKS:

RECEIVED

AUG 01 2002

DMCH - MI/MN/WI

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: MICHIGAN

**METHODS OF PAYMENT OF REASONABLE COSTS -
INPATIENT HOSPITAL SERVICES**

- Have in place an approved agreement between itself and a university with both a college of allopathic medicine and a college of osteopathic medicine that specifies all services and activities to be conducted using the funds provided through the agreement.
- c. The single state agency (SSA) will annually create an Indigent Funds DSH (IFDSH) Pool. The size of the pool will be determined based upon the proportionate share of state funds appropriated for indigent care plus the corresponding federal matching funds. The total size of this pool will be \$45 million.

Eligible hospitals must be located in counties with populations greater than two million, meet the minimum federal requirements for Medicaid DSH payments, and meet one of the following additional criteria:

- Be a hospital serving primarily children with at least \$100 million in annual Medicaid charges, or
- Be a hospital with at least 6,000 Medicaid newborn deliveries.

Charges will include those from both the Medicaid fee for service and the Medicaid HMO programs. The paid claims file, used to rebase hospitals on April 1, 2002, will be used to determine which hospitals had at least 6,000 newborn deliveries. No agreement will be needed to participate in this pool.

In computing the individual hospital's maximum payment from the IFDSH Pool, all other DSH payments that a hospital receives will be counted against the hospital's DSH ceiling before allocating payments from the IFDSH Pool.

Funds from the pool will be distributed equally to hospitals meeting the initial criteria above up to each hospital's DSH ceiling. Once all hospitals meeting the initial criteria have reached their individual DSH ceilings, funds will then be distributed equally to those hospitals meeting the second criteria. Funds will continue to be distributed to hospitals in this second group until all hospitals have reached their DSH ceilings or until the pool is exhausted of funds. Any funds remaining in the pool after distributions to all eligible hospitals have been made will lapse back to the state. Only the state portion of the DSH funds will lapse back to the state. Federal matching funds will not be claimed on any funds that lapse. Any funds from this pool that lapse back to the state will not be redistributed to any other DSH pools.

Aggregate Medicaid reimbursement to Medicaid inpatient hospitals will not be allowed to exceed the federally imposed upper payment limit for DSH payments. Payments will be made only to those hospitals that have accepted cost reports on file with DCH by August 31st of the state fiscal year prior to the one in which the payment is made.

TN No. 02-14 Approval JAN 31 2003 Effective Date 7/01/02
Supersedes
TN No. 02-07

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: MICHIGAN

**METHODS OF PAYMENT OF REASONABLE COSTS -
INPATIENT HOSPITAL SERVICES**

d. A special DSH pool of \$2,291,476 is being created for FY'02. The purpose of the pool is as follows:

- Assure continued access to medical care for indigents,
- Develop cancer prevention and control programs, and
- Increase the efficiency and effectiveness of cancer treatment for Medicaid beneficiaries.

Participation in this pool will be limited to hospitals that meet the following requirements:

- The minimum federal requirements for DSH eligibility as listed in Section III. H.
- Have in place an agreement approved by the Department between itself and a university with a college of allopathic medicine. The agreement must include provisions for the development of cancer prevention and control programs.
- The agreement must include a schedule of activities and a budget.

Only one agreement per year will be approved per university.

The payment amount from this special DSH pool will be specified in the approved agreement. The payment amount is subject to the maximum allowable DSH payment for the hospital for the state fiscal year including all other DSH payments

TN No. 02-14 Approval JAN 31 2003 Effective Date 7/01/02
Supersedes
TN No. NA - New Page